

TECHNICAL GUIDE

Unum Select Life cover

Because everyone
needs a back-up plan



Unum Select Life cover

Product Overview

- To provide insurance benefits in the form of a lump sum to a spouse/civil partnerships or other financial dependant(s) if an employee dies in service
- The policy allows employers to enjoy the taxation advantages of providing benefits within the regulations established by HM Revenue & Customs (HMRC) for a Registered occupational pension scheme ("the scheme"). The definition of a Registered occupational pension scheme includes arrangements set up to provide benefits on death in service only.
- To allow an employer to decide, when they take out the policy:
 - who they wish to cover;
 - the amount of premium they wish to fund directly;
 - the type of plan; Standard or Voluntary;
 - the level of benefits they feel are appropriate;
 - the use of the Unum Master Trust or their own Trust.

Technical Guide

- Technical Guide for "commercial customers" and their advisers. This product is only available from appropriately authorised intermediaries who have signed our Terms of Business Agreement.
- This document is a technical guide to the features of our Unum Select Life cover product and should be read in conjunction with the proposal which accompanies it. If anything stated in the proposal differs from what is in this guide, then what is stated in the proposal overrides the guide.
- In the event of a discrepancy between the policy document, the proposal and the content of this guide, the wording of the policy document will prevail.
- Full details of the insurance cover will be contained in the policy document. The policy is issued subject to the Laws of England and any dispute shall be subject to the exclusive jurisdiction of the English Courts.
- We have classed the customers for this product as "commercial" within the context of the Financial Conduct Authority's (FCA) Insurance: Conduct of Business sourcebook (ICOBS).
- This product is available to insure the death in service liabilities under a Registered scheme.

The legislation governing Registered occupational pension schemes is contained in the Finance Act 2004.

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This document does not provide definitive tax advice that can be relied upon in the specific circumstances of a particular policyholder or in respect of any member insured under the policy. This includes but is not limited to any potential liability to corporation tax and income tax. Policyholders should take advice from their own professional advisers to ensure that they understand the impact of tax and legislation.

A. Terms explained

Actively At Work (AAW) means that an employee:

- has not received medical advice to refrain from work and is actively following their normal occupation, and;
- is working the normal number of hours required by their contract of employment, either at their normal business address or at a location to which they are required to travel for business.

An employee will be regarded as actively working if fully capable of so doing were it not for either a leave of absence previously authorised by his or her employer or the requirement for actively working falls on a day the individual is not contracted to work.

An employee must be Actively At Work on the commencement date of the policy or subsequent date on which cover starts, the date of any subsequent increase in cover and, if applicable, the date they enrol for cover.

Basic Benefit means an amount of benefit payable in the form of a lump sum. Basic Benefit is provided where the employer provides all or some of the contribution for an employee.

Commencement date is the date from which we have agreed to provide the cover.

Evidence of Insurability (EOI) consists of a small number of health and lifestyle related questions which will be used to determine if cover can be provided.

Guaranteed Issue amount (GI) is the amount of insured benefit we declare in your proposal, below which no evidence of insurability is required, although Actively At Work requirements will apply. See Section F 2.2 "Evidence of Insurability to be provided before employees are covered" which gives a full explanation of the terms and any conditions that apply to it.

A **late entrant** is an employee who wishes to join the policy one day or more after the date of their first opportunity to do so. For 100% employer funded plans only, where eligibility is linked to membership of the employer's pension scheme; a late entrant is an employee who wishes to join the pension scheme more than 12 months after their first opportunity to do so.

Master Application is the form to be completed to request Unum to set up the policy.

Personal benefit means an amount of benefit payable in the form of a lump sum which is fully funded by the employee.

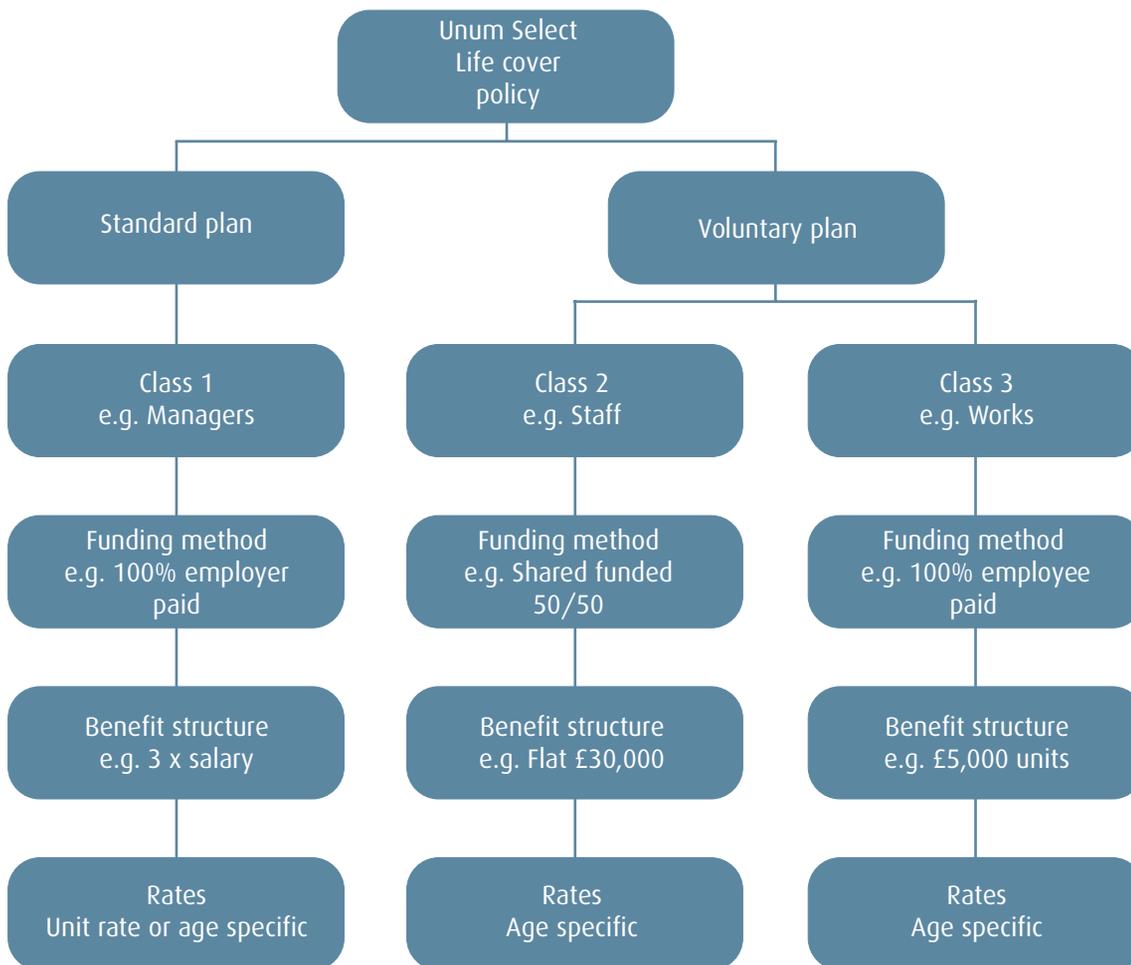
The policy **review date** is the date when the premium rate and terms of the policy are reviewed and guaranteed for a further period (typically two years).

The policy **Terminal Age** is the age at which cover provided for an employee under the policy ends. This will be the last day of the month in which Terminal Age is reached. The employer can set the Terminal Age at 65, 70 or 75 and may vary it by eligibility class.

B. Product types

Each Unum Select Life cover policy can be made up of two plan types; Standard and Voluntary. A policy can be made entirely of Standard plans or Voluntary plans or a combination of both. Each plan may contain a number of different eligibility classes.

An example of this product structure is provided below.



Unum Select Life cover

Plan provision		Standard plan	Voluntary plan
Premium options		<ol style="list-style-type: none"> 100% employer paid Shared funding where the premium is shared with the employee based on a % of premium Defined funding where the employer agrees to pay a fixed monetary amount of premium per employee with the employee paying the balance. 	<ol style="list-style-type: none"> 100% employee paid Shared funding where the premium is shared with the employee based on a % of premium Defined funding where the employer agrees to pay a fixed monetary amount of premium per employee with the employee paying the balance.
Shared funding minimum % requirements		Minimum of 50% employer contribution	Minimum of 25% employee contribution
Minimum employee take-up required at outset	100% employer paid	100%	10 successfully completed applications
	Shared or defined funding	75%	
Minimum employee take-up to obtain GI		75%	20%
EOI		Only required for amounts over GI	<p>Is required in all cases</p> <p>If a 20% or more take-up rate is obtained, cover is granted to all employees that elected to be covered and the results of EOI are ignored on the benefits up to GI.</p> <p>If take-up is less than 20%, cover is granted to those employees who were accepted after providing EOI subject to 10 successfully completed applications.</p>
Actively At Work (AAW) requirements		Must be AAW on the date their cover is due to start and the date of any subsequent increase in cover.	Must be AAW on the date they enrol for cover, the date their cover is due to start and the date of any subsequent increase in cover.
Minimum lives per plan		10	10

Notes:

- I. Funding type may vary by eligibility class.
- II. For Shared and defined funding, the employee must pay their share of the premium to receive the employer's contribution and be covered under the policy.
- III. There are no minimum premiums for any of the funding options and no minimum employer contribution for the defined funding option.
- IV. EOI is required for any employee who requires cover above the GI.
- V. EOI consists of a small number of health and lifestyle related questions. Underwriting is immediate and cover is either accepted or rejected. No additional premiums or exclusions are applied. No medical evidence is obtained.

C. Your commitment as the policyholder

- You must provide us with all the information we ask for when you apply for a policy or when you make a claim. You must advise us if these details change. If you do not provide this information, we may not be able to pay any claims.
- You must update membership information for leavers and joiners and changes to earnings prior to finalising the monthly bill.
- You agree to pay premiums on time.
- You choose at the outset the conditions of eligibility that govern who can be covered by the policy.
- You agree to abide by the conditions of eligibility set out in the policy.
- You agree to notify us in writing if you wish to amend the eligibility criteria, for example by closing the policy to new entrants.
- You agree to notify us in writing if you acquire another company and you wish to cover the employees of the new company under the policy.
- You agree to notify us in writing if you dispose of a company whose employees are covered under the policy and will no longer be covered under the policy.
- You agree to notify us of any claims as soon as possible.
- You agree to supply us with all the information we ask for at a policy review date.
- You must provide us with details of any employee who is required to travel, as part of their job, by helicopter with details of the frequency, duration, destination and the exact benefit insured as special terms may be applied.
- You must appoint a Plan Administrator to support the online administration of the policy using the Unum Select website. This will include such functions as: review, amend and confirm monthly membership and billing statements; forward on confirmation letters to employees and the notification of claims.

D. Risk factors

The policy carries the following risks:

- You should take legal advice on the need to outline the benefits provided by the policy in employees' contracts of employment and that the benefits, as promised, are not discriminatory.

The Employment Equality (Age) Regulations 2006 that came into effect on 1st October 2006 made it unlawful for an employer to discriminate directly or indirectly against an employee on any aspect of their employment or benefits, based on their actual age or their apparent age. The Regulations do not directly apply to insurance policies.
- You will not be covered if you fail to comply with the terms and conditions of the policy or if you stop paying premiums. Premiums are not payable for claimants who are receiving benefit under the policy. If you terminate the policy, we will continue to pay benefits for existing valid claims and start to pay benefit for new claims, if valid, that occur during the period of cover for which premiums have been paid.

- For all policies, the premium rate and policy terms and conditions will usually be guaranteed for two years. However, we reserve the right to amend these terms and rate if, in the opinion of Unum, there is a significant change in the risk profile, the factors we take into account for this type of plan are:
 - A variance of 20% or greater in the number of employees or benefit insured
 - The inclusion of a new subsidiary
 - The disposal of a participating company or closure of a part of the employer's business
 - The inclusion of a new category class
 - A change in policy design such as an alteration of benefit level, terminal age or terms of eligibility
 - A change in the occupations of the employees or where they work
 - A change to the level or basis of the social security or income tax systems.
- For new and existing policies we reserve the right to review the terms offered if there is a 20% or more change to the data provided to produce the proposal.
- If the number of employees drops below five at any time, we reserve the right to cancel the plan at any subsequent policy anniversary date.

E. How does a Unum Select Life cover policy work?

- We require a minimum of 10 lives to issue a Unum Select Life cover policy.
- You decide on who you wish to insure and the type of plans, Standard and/or Voluntary to meet your needs.
- You decide the level of premium you wish to fund directly and the amount of contribution you wish the employee to make.
- You decide the level of benefit for each eligibility class.
- A Voluntary plan requires active enrolment of employees, normally at their place of work although online and telephone based enrolment is also provided. Enrolment is carried out by specialist staff, who are able to provide information in the workplace on the benefits you are providing for them. Some Standard plans may also be enrolled actively.
- While premiums are being paid, we will provide cover no matter how many claims are made. If you cancel the policy, we will still consider claims arising during the period you were covered by us, provided that there are no premiums outstanding.
- You must pay all of the premiums in sterling. The tax treatment of premiums and benefits will vary according to whether the employer or employee funds the premium. (See Section 8 Taxation)

- You must provide us with the information we require when you make a claim.
- The policy is held under a Trust with discretionary powers for the Trustees. (See section F 1 “What factors should be considered in deciding what benefits to provide?”)
- You may participate in either the Unum Master Trust or use your own Trust. On request, Unum can provide specimen trust documentation if you wish to establish your own trust.
- We always pay the benefit to the Trustees.
- The Trustees have absolute discretion to whom the benefits are paid, but take into account (but are not bound by) the deceased employee’s wishes as stated in the employee’s completed Expression of Wish form (if applicable). Under the policy, once we have made a payment to the Trustees in settlement of a death claim, our responsibility stops.
- Lump sum benefits paid by the Trustees under a discretionary trust do not form part of the deceased employee’s estate, and are normally free of Inheritance Tax. Benefit is paid by Unum to the Trustees and because it is separate from the employee’s estate, avoids the need for Probate or Letters of Administration.
- You can choose different levels of funding, cover, or benefits, for different classes of employee.
- The guarantee period advised in your proposal applies to both the premium rate and the terms and conditions applicable to the policy. When the guarantee expires at the policy review date, both the premium rate and the terms and conditions of the policy are subject to review.
- Switch terms (or no worse terms) for employees insured under an existing Group Life policy who are transferring to Unum Select Life cover are not available.
- The Unum Select Life Voluntary plan, with 100% employee paid contributions, can be used to top-up cover for employees already insured under an existing (non- Unum Select) Group Life policy.

When will cover commence?

An Initial Proposal (quotation) is issued for consideration by you. If you wish to proceed to purchase, we will issue a Final Proposal confirming the basis of the cover requested, the appropriate premium rates and your selected policy effective date. If there are both Standard and Voluntary plans within the policy, they may have different effective dates.

Cover will commence on the requested policy effective date upon receipt of the completed Master Application issued with the Final Proposal and a completed Direct Debit mandate, if this payment option is selected, and following completion of enrolment, if applicable. You must also select the use of either the Unum Master Trust or your own Trust.

When will cover cease?

Under normal circumstances

We cannot cancel the plan unless the number of employees insured under the plan is fewer than five, premiums are overdue or you fail to provide all the information we ask for when applying for the plan, administering the plan or when claiming for benefit in respect of an employee.

You can cancel the plan at any time, provided you do so in writing. Cover will then cease and you will not be liable to make payments for any period after this date. Cancellations cannot be back-dated.

If the plan is cancelled, we will still consider and pay valid claims that arose while cover existed up to the date of cancellation, provided that there are no premiums outstanding.

Cover for any employee will cease on whichever is the earliest date of:

- they retire early (no cover is provided after taking early retirement); or
- they reach the Terminal Age; or
- they leave the employer’s service (no cover is provided for employees who have been made redundant).

F. Product details

1. What factors should be considered in deciding what benefits to provide?

The flexibility provided by Unum Select Life cover allows you to design cover that is compatible with your employment contracts, culture, and your specified budget.

1.1 Who can be covered?

An employee can be insured if they satisfy the conditions of eligibility defined in the policy, meet the definition of being Actively At Work and successfully complete EOI, if required.

1.1.1 Conditions of eligibility

Conditions covering entry to the policy must be selected. For example:

- The minimum and maximum entry ages allowed for new entrants;
- The class of employee you wish to be covered, and to what benefits you want each class to be entitled;
- The waiting period you wish the employee to serve before being eligible for cover;
- The minimum hours worked per week.

If cover is dependent on membership of the employer’s pension scheme then the current eligibility requirements of that scheme must also be provided.

The definition of eligibility must be clearly stated in all cases. For a Standard plan which is 100% employer funded membership is compulsory for all employees within a defined eligibility class or classes. Eligibility conditions covering entry ages, entry dates and service qualification periods must be the same for each employee within a defined class.

Part-time employees and fixed-term employees may also be included in the policy if they satisfy the above conditions. Fixed-term employees can be covered for the duration of their contract under all Unum Select Life cover options.

All cover is subject to the employee being AAW on the commencement date of the policy or subsequent date on which cover starts, the date of any subsequent increase in cover and, if applicable, the date they enrol for cover.

1.1.2 Early and discretionary entrants

Cover is not provided for early or discretionary entrants.

1.1.3 Late entrants

EOI will be required for late entrants in all cases. For 100% employer funded plans where eligibility is linked to pension scheme membership, employees joining within 12 months of first being eligible to join the pension scheme will not be regarded as late entrants.

1.1.4 Temporary absence

The basis of the cover provided differs by cause of absence as follows:

Cause of absence	Standard and Voluntary plans
Temporary absence due to - sabbatical or other agreed leave of absence	<p>Where the employer has agreed a leave of absence, cover will be provided through to the end of the month that immediately follows the month in which the temporary absence begins.</p> <p>Cover automatically ceases after this period and the employee would be treated as a new hire on returning to work.</p>
Statutory absence (includes maternity leave, paternity leave, adoption leave or parental leave or any other form of statutory leave)	<p>Cover continues in periods of statutory absence.</p> <p>Cover will cease at the end of the month:</p> <ul style="list-style-type: none"> • after the employee ceases to be an employee; • in which the last contribution was paid; • after the employee, who is not incapacitated, does not return to work after the statutory absence applicable. <p>The employee's cover will be reinstated when he or she returns to active employment.</p> <p>We will not:</p> <ul style="list-style-type: none"> • apply a new waiting period; or • require evidence of insurability.
Sickness/injury	<p>If the employee is not working due to injury or sickness, and they remain in service and contributions are paid, they will continue to be covered up to the Terminal Age.</p> <p>If premiums cease, cover will lapse and the employee would be treated as a new entrant on returning to work.</p>
Notes	<p>I. Cover will be maintained only if the employee remains in service during the period of absence.</p> <p>II. The benefit payable is the benefit on the day before the start of the employee's absence.</p> <p>III. Employees will not be regarded as being AAW and increases in cover are not provided.</p>

1.2 Plan type

A variety of benefit and funding options are available which vary by plan type; **Standard** or **Voluntary**.

1.2.1 Standard plan

The Standard plan is designed for employers who decide to fund all or contribute significantly towards the cost of providing cover. Active enrolment of employees into the plan is not usually required.

The funding options available are:

1. Fund 100% of contributions on behalf of the employee (for this option you must include all eligible employees for cover under the plan when they first become eligible)
2. Make a partial contribution of 50% or more of the total contributions on behalf of the employee
3. Make a fixed monetary contribution for each employee per month.

For options 2 and 3, the employee must elect to join and make a contribution in order to participate in the plan.

Options 2 and 3 require at least 75% of eligible employees to participate. If not, a Standard plan cannot proceed.

GI is offered as part of the proposal and varies by the total number of eligible lives. Cover is provided up to the GI without the need for Evidence of Insurability (EOI). EOI is required in the form of a short medical questionnaire for all amounts above GI.

The plan requires an absolute minimum of 10 employees at outset.

1.2.2 Voluntary plan

Voluntary plans require lower levels of employee participation than Standard plans and active enrolment of employees is always required.

The funding options available are;

1. Allow the employee to fund 100% of the contributions, or
2. Make a partial contribution of up to 75% of the total contributions on behalf of the employee, or
3. Make a fixed monetary contribution for each employee per month.

For options 2 and 3, the employee must elect to join and make a contribution in order to participate in the plan.

At the commencement of a Voluntary plan, all employees must complete an EOI questionnaire at initial enrolment.

GI may be offered as part of the proposal and varies by the total number of eligible lives. A minimum of 20% of eligible lives must join the plan for GI to be provided.

If 20% or more of eligible employees elect to join the plan, cover is provided up to GI without reference to the EOI. EOI is required for all amounts above GI.

If less than 20% of eligible employees elect to join the plan, GI will not apply and cover is either issued or denied based upon the EOI. The plan requires an absolute minimum of 10 accepted employees at outset in order to proceed.

1.3 Benefit options

The following table outlines the wide range of benefit options that vary by plan type and eligibility class.

The type of cover you select will determine how benefits are calculated. You can decide how much benefit you want to insure according to your budget.

If you select a higher benefit level, the premiums will increase.

Benefit design	Standard plan	Voluntary plan
Benefit structure	Multiple of salary Maximum 5 x earnings (0.5 x earnings steps - minimum 1 x earnings) or Flat amount (Overall maximum is the lower of 5 x earnings and maximum benefit amount.)	Monetary units of benefit £5,000 or Flat amount (No overall maximum multiple of earnings limitation.)
Maximum benefit	Varies by case up to £500,000	£250,000 for all cases
Minimum employee benefit	1 x earnings Or £25,000 flat (£10,000 if shared contribution)	£10,000

1.4 What plan design options are available?

1.4.1 Trust type

You must select the use of either the Unum Master Trust or your own Trust.

1.4.2 Terminal Age

A Terminal Age must be selected for each eligibility class and may differ by class. The Terminal Age must be 65, 70 or 75. Cover is not provided beyond the Terminal Age.

Normally, employers select a Terminal Age to insure benefit until the age that employees normally retire.

Cover in respect of fixed-term employees will cease at the end of their current contract at the latest.

1.4.3 Redundancy

No cover is provided after the employee has been made redundant.

1.4.4 Early retirement

No cover is provided after the employee has taken early retirement.

1.5 What are insured earnings for a Unum Select Life cover policy?

For Standard plans you will need to choose an earnings definition on which the benefit is to be based.

Earnings definitions can be either daily which means received from the employer's United Kingdom payroll prior to the date of death, or annual which means received from the employer's United Kingdom payroll at the policy anniversary date prior to the date of death. If no policy anniversary date has occurred during the period since becoming an employee, the earnings definition as at the date of becoming an employee shall be used instead.

You can choose from the following options:

Basic annual salary

Basic annual salary received from the employer's United Kingdom payroll.

Basic annual salary and commissions

Basic annual salary, plus where applicable, the annualised amount of commissions received in the previous 12 months, or such shorter time applicable, received from the employer's United Kingdom payroll.

Basic annual salary and bonuses

Basic annual salary, plus where applicable, the annualised amount of bonuses received in the previous 12 months, or such shorter time applicable, received from the employer's United Kingdom payroll.

Basic annual salary, commissions and bonuses

Basic annual salary, plus where applicable, the annualised amount of commissions and bonuses received in the previous 12 months, or such shorter time applicable, received from the employer's United Kingdom payroll.

Basic annual salary and overtime

Basic annual salary, plus where applicable, the annualised amount of overtime received in the previous 12 months, or such shorter time applicable, received from the employer's United Kingdom payroll.

Basic annual salary, bonuses and overtime

Basic annual salary, plus where applicable, the annualised amount of bonuses and overtime received in the previous 12 months, or such shorter time applicable, received.

1.6 Extended cover

It is possible to establish a Unum Select Life policy with different Terminal Ages for different classes of employee. The Terminal Age may be set at an age later than your normal contractual retirement age (NCRA). Employees retiring at NCRA would cease to be covered at that time. Employees working beyond NCRA would continue to be covered. Please note for 100% employer paid cover, it is only possible to insure employees working beyond NCRA provided all employees within a defined eligibility class that work beyond NCRA remain covered.

An increase in the Terminal Age would require a revision to the policy terms, including the premium rate, and cover for existing employees would be subject to being Actively At Work.

2. Setting up the policy

2.1 Process for setting up the policy

We prepare a Final Proposal based upon the risk specification supplied by your intermediary together with the up to date membership data, the occupation and location profile of the employees to be covered under the policy.

Cover will commence on the requested policy effective date upon receipt of the completed Master Application issued with the Final Proposal and a completed Direct Debit mandate if this payment option is selected and following completion of enrolment if applicable. You must also select the use of either the Unum Master Trust or your own Trust.

2.2 Evidence of health to be provided before employees are covered

Group policies are designed to cover all employees who satisfy the eligibility conditions of cover (see Section F 1.1.1 "Conditions of eligibility"). We will declare a GI amount below which evidence of health is not usually required, although Actively At Work requirements will apply (see Section A "Terms explained").

For an annual enrolment, cover can be increased up to GI without EOI during the 14 day enrolment window.

2.2.1 Standard plans

For 100% employer paid plans:

The employee must be added to the Unum Select website within 31 days of being eligible to join the plan. Employees who are updated outside of this window are covered from the date they are updated on the Unum Select website.

Benefits will automatically be provided up to the GI amount without the need to complete EOI. Any benefits over GI will be subject to EOI.

For shared and defined funding plans:

If the employee joins within 31 days of first being eligible, benefits will automatically be provided up to the GI amount without the need to complete EOI. Any benefits over GI will be subject to EOI.

If the employee joins after 31 days of first being eligible, the employee becomes a late entrant and EOI will always be required.

2.2.2 Voluntary plans

EOI is obtained in all cases and the policy can only proceed if there are a minimum of 10 successful applications.

If GI is applicable then benefit will be provided up to GI for all employees who applied for cover within 31 days of first being eligible. Benefit above GI is provided to those employees who successfully completed EOI.

If no GI is applicable, cover is provided to those employees who successfully completed EOI.

If the employee joins after 31 days of first becoming eligible, the employee becomes a late entrant and EOI will always be required.

3. What premiums will be charged for cover?

3.1 How will premiums be calculated?

3.1.1 What factors determine the rate used to calculate premiums?

The premium rate charged will depend on a number of factors. These include the nature and level of the benefits to be provided and details of the employees you wish to insure, such as, but not limited to:

- Level of benefits;
- Age and gender of the employees;
- Occupation, industry and locations of these employees;

Premium rates are usually guaranteed for two years and are subject to review thereafter. New rates may apply at the end of these periods.

3.1.2 Types of rates

Premium calculations will be based on either age specific rates or unit rates depending on plan design.

3.1.2.1 Age specific

Age specific rates will apply for all Voluntary plans and Standard plans with less than 20 eligible lives. Rates will vary and individual rates for an employee are based on the following:

- Gender
- Smoker or non-smoker status
- Based on individual's age in five year age bands
- Monthly paid premiums.

Premiums will be calculated for each employee according to our current premium rates. The premium rate applicable to an employee is based on their age at the start of each policy anniversary date. The cost of cover increases from the policy anniversary date after an employee moves into the next five year age band.

The underlying rate table is usually guaranteed for two years and is subject to review thereafter. A new rate table may apply at the end of this period.

If the number of lives insured under an existing 100% employer paid policy increases to 20 or more, we reserve the right to calculate the premium on the unit rated basis outlined below from the following policy anniversary date.

3.1.2.2 Unit rated

Unit rates apply to all Standard plans with 20 or more eligible lives, as follows:

- Same rate for all employees;
- Premium based on percentage of benefit or salary multiplied by Unit rate;
- Monthly paid premiums.

Unit rates are usually guaranteed for two years and are subject to review thereafter. New rates may apply at the end of this period.

If the number of lives insured under an existing policy falls below 20, we reserve the right to calculate the premium on the age specific rate basis outlined above from the following policy anniversary date.

3.2 Will there be any unexpected additional premiums?

There are no medical loadings to the premium for any employee.

EOI will be required in the following circumstances and may affect the level of cover an employee is eligible for:

- you have employees whose cover exceeds the GI and who have therefore been asked to provide EOI, or;
- employees who are joining outside the normal eligibility conditions, such as late entrants;
- for increases in cover on Voluntary plans unless part of an annual enrolment period when EOI is waived up to GI.

Employees will either be accepted or rejected for their cover based on the answers to these questions. All accepted cover will be on standard terms.

3.3 Is there a discount for good claims experience?

Previous claims experience may be taken into account for Unum Select Life cover.

3.4 What commission is allowed for in the premium?

Any commission paid to your intermediary is a percentage of the gross premium paid; the rate of commission payable is shown in our proposal.

Commission is available on a fixed rate (same level payable throughout the lifetime of the policy) and variable rate where the first year commission level only applies during the first 12 months of the policy, regardless of any changes to the policy in the second or subsequent years (e.g. does not apply to increases in cover after the initial 12 month period).

4. How does the policy accounting work?

Payment of premium is required monthly via the approval of a bill on the Unum Select website. Payment must be made by either Direct Debit or Direct Credit and is due at the end of the respective month. Payment must be received 31 days after the due date or the policy will be cancelled.

Each month a payroll deduction file is provided listing the individual employees who require coverage and the premiums payable per employee. These premiums are split between the individual employee contributions and those contributions made by the employer.

4.1 What information is required for policy accounting purposes?

For all policies and plans, individual details of insured employees and their benefits are maintained and updated on the Unum Select website and will be used to calculate the required monthly premium. Where employees make a contribution a membership listing will be provided in a payroll deduction file at the beginning of each month.

Providing information on joiners and leavers and any changes to salaries in a timely manner is essential to ensure that levels of benefit are accurately reflected.

4.2 How are accounts adjusted for employees who join, leave or have benefit increases during the year?

4.2.1 Standard plans

	100% employer paid	Shared & defined funding
Cover effective date for joiners	<p>The employee must be updated on the Unum Select website within 31 days of the earliest date they are eligible to join the plan. In this case, the effective date of cover will be the date they are first eligible. Otherwise, the effective date of cover will be the date they are updated on the Unum Select website.</p> <p>For benefit up to the GI amount, cover will begin at 00:01 on the effective date of cover.</p> <p>For benefit over the GI amount, cover will begin at 00:01 on the latter of the requested effective date and the date the EOI is accepted.</p> <p>All cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment.</p>	<p>If the employee joins within 31 days of their earliest eligibility date, the effective date of cover will be as follows:</p> <ul style="list-style-type: none"> For benefit up to the GI amount, cover will begin at 00:01 on the first of the month following application or the requested cover effective date if later. For benefit over the GI amount, cover will begin at 00:01 on the first of the month following the latter of the requested effective date and the date the EOI is accepted. All cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment. <p>If the employee joins after 31 days of their earliest eligibility date, they will be a late entrant and cover will be subject to EOI.</p>
Premium effective date for joiners	Billing will commence from the first day of the month following the Unum Select website being updated.	
Cover effective date for salary related changes in benefit	<p>The employee's new salary details must be updated on the Unum Select website within 31 days of the date the salary change is effective.</p> <p>In this case cover, up to the GI amount, is provided from 00:01 on the effective date of the salary increase.</p> <p>Otherwise, cover up to the GI amount, is provided from 00:01 on the date the salary increase is updated on the Unum Select website.</p>	<p>The employee's new salary details must be updated on the Unum Select website within 31 days of the date the salary change is effective.</p> <p>In this case cover, up to the GI amount, is provided from 00:01 on the first day of the month following the effective date of the salary increase.</p> <p>Otherwise, cover up to the GI amount, from 00:01 on the first day of the month following the date the salary increase is updated on the Unum Select website.</p>

	100% employer paid	Shared & defined funding
Cover effective date for salary related changes in benefit continued	<p>For an employee’s first increase in benefit over the GI amount, EOI is required and if accepted, cover will begin at 00:01 on the requested effective date of cover or the actual date EOI is accepted. Further increases in benefit due to salary increases are not subject to EOI.</p> <p>A salary decrease applies on the effective date of the new salary even if the Unum Select website is not updated.</p> <p>An increase in cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment.</p>	<p>For an employee’s first increase in benefit over the GI amount, EOI is required and if accepted, cover will begin at 00:01 on the first day of the month following acceptance or the 1st of any later month if requested. Further increases in benefit due to salary increases are not subject to EOI.</p> <p>A salary decrease applies on the first day of the month following the effective date of the new salary even if the Unum Select website is not updated.</p> <p>An increase in cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment.</p>
Premium effective date for changes in benefit	Billing will commence from the first day of the month after the Unum Select website has been updated.	
Leavers	Cover ceases immediately when the employee leaves the company or ceases to be eligible. If the Unum Select website is updated in the month an employee leaves, before that month’s bill has been approved, premium will automatically be pro-rated.	<p>Cover ceases immediately when the employee leaves the company or ceases to be eligible. If the Unum Select website is updated in the month an employee leaves, before that month’s bill has been approved, premium will automatically be pro-rated.</p> <p>If the employee remains with the employer but wishes to cease cover then it will be effective on the last day of the month in which the employee provides notification to you, their employer.</p>

4.2.2 Voluntary plans

	All funding options
Cover effective date for joiners	<p>If the employee joins within 31 days of their earliest eligibility date, the effective date of cover will be as follows:</p> <ul style="list-style-type: none"> • For benefit up to the GI amount, cover will begin at 00:01 on the first day of the month following application or the requested effective date of cover if later. • For benefit over the GI amount, cover will begin at 00:01 on the first day of the month following the latter of the requested effective date and the date the EOI is accepted. • All cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment. • If the employee joins after 31 days of their earliest eligibility date, they will be a late entrant and cover will be subject to EOI.
Premium effective date for joiners	<p>Billing will commence from the first day of the month following the Unum Select website being updated.</p>
Cover effective date for changes in benefit	<p>The employee can increase/decrease benefits within the plan design of the policy. Changes are made through the Plan Administrator on the Unum Select website and will require the employee to enrol to get an increase. Available enrolment options will be given to the employee. Increases to cover will be subject to EOI unless part of an annual enrolment (See Section F 2.2 "Evidence of Insurability to be provided before employees are covered").</p> <p>Cover will begin at 00:01 on the first day of the month after the requested effective date and the date the EOI is accepted whichever is the later.</p> <p>An increase in cover is subject to the AAW requirements. If not AAW, cover will begin on the date the employee returns to active employment.</p>
Premium effective date for increases in benefit	<p>Billing will commence from the first day of the month following the Unum Select website being updated.</p>
Leavers	<p>Cover ceases immediately when the employee leaves the company or ceases to be eligible. If the Unum Select website is updated in the month an employee leaves, before that month's bill has been approved, premium will automatically be pro-rated.</p> <p>If the employee remains with the employer but wishes to cease cover then it will be effective on the last day of the month in which the employee provides notification to you, their employer.</p>

5. Claiming Basic and Personal Benefits

5.1 Notification of death

Please notify us of an employee's death promptly online via the Unum Select website or by telephoning our Unum Select Customer Services team on **0800 011 3000**.

We will issue the appropriate Notification of Death forms to you.

5.2 Evidence required to process a claim

The evidence we require to process a claim includes the following:

- A completed claim form signed by the Trustees or administrators of the scheme.
- Employee's original death certificate.
- Employee's original birth certificate.
- Evidence of membership and earnings.

5.3 Claims processing

Upon receipt of all the necessary documentation, we will process your claim. Lump sum payments will be made to the Trustees of the Registered scheme.

5.4 What happens to claims in respect of employees based overseas?

Any claim in respect of employees based overseas, and foreign nationals, will be paid in sterling.

5.5 How to complain about a claim decision

In the event of the claim decision not being to the policyholder's satisfaction, the policyholder may refer the matter to the Customer Feedback Department. This is a separate department, independent of the Claims Department that will review the claim decision afresh and in line with Unum's complaint handling process.

The Customer Feedback Department will issue Unum's final decision on the claim. If the policyholder remains dissatisfied The Financial Ombudsman Service provides an independent dispute resolution service for eligible complainants. Where you remain dissatisfied with the outcome of your complaint, you can contact the Financial Ombudsman Service at the address below within six months of Unum's final decision being made. Your legal rights and those of the employee are not affected if this organisation is contacted.

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Tel: **0845 080 1800**

6. What is not covered?

There are no exclusions in the policy. All causes of death, including suicide, are covered.

However, there are limitations to the overall cover where there is a Standard plan due to accumulation of risk considerations in the event of a catastrophe and specifically in respect of employees travelling together on business as a group.

6.1 Our maximum liability in the event of a catastrophe.

The maximum liability of Unum for a policyholder group in respect of more than one death (irrespective of the date and place of death) attributable directly or indirectly to a catastrophe shall be as advised in your quotation.

Where the catastrophe is a result of a group of employees travelling together on business, the benefits will be limited to the lower of:

- The maximum liability limit, or
- £15 million or, if higher, the total of the four largest benefits in respect of the employees who died in the catastrophe.

Policyholder group is defined as the companies, entities, Partnerships or Pension Fund Trustees which are all part of the same group of companies, entities, partnerships or Pension Fund Trustees as the policyholder during the period of the policy which includes but is not limited to the policyholder and its associated subsidiary or affiliated companies, entities or Partnerships and any Pension Fund Trustees associated with the policyholder that may exist from time to time.

6.2 What is a catastrophe?

A catastrophe shall be defined as one originating cause, event or occurrence or a series of related originating causes, events or occurrences, which results in more than one death, irrespective of the period of time or area over which such originating causes, events or occurrences take place. Unum shall be the sole judge as to what constitutes a catastrophe.

6.3 How will we deal with notification of multiple deaths?

Allocation of benefits under the policyholder group resulting from more than one death, attributable directly or indirectly to a catastrophe and thus subject to the maximum liability limit, shall be in the chronological order of the dates upon which written notification of each death claim is received by Unum. Insofar as more than one such written notification is received by Unum on the same day and in total, the amount would cause the maximum liability limit to be exceeded, Unum shall be entitled in its sole discretion to pay such claims on a reduced pro-rata basis according to the remaining balance of the maximum liability limit such that Unum's total liability for such claims shall not exceed the maximum liability limit.

7. Can cover be provided for employees not in the UK?

We are prepared to cover employees travelling or working overseas or seconded to other organisations, provided that:

- they meet the eligibility conditions of cover for the policy, and;
- they have a contract of employment with a UK registered company (which is covered by the policy), and
- they continue to be declared in the membership data and premium continues to be paid in respect of them, and
- all premiums must be paid in sterling by the Employer.

For lives based overseas the nationality and countries worked in need to be declared for each employee at policy commencement and review.

Benefits will be paid to the Trustees UK account in sterling.

8. Taxation

Basic benefit

Under a Registered scheme, lump sum benefits are usually tax-free if, when combined with all other payments made from Registered arrangements both past and current, the amount is within the Lifetime Allowance applicable at the date of death. Some employees may have elected primary transitional protection in which case a higher Personal Lifetime allowance may apply.

Beneficiaries of lump sum benefits are liable for any Lifetime Allowance Charge – in proportion to their share of the overall benefits paid on the employee's death. The personal representatives of the employee are responsible for ascertaining whether there is a chargeable amount.

Premiums

Premiums paid by the employer to insure death in service benefits for employees are a trading expense and can be offset against Corporation Tax.

Premiums are not regarded as a benefit in kind for employees.

Contributions made by the employee must be paid from pre-tax earnings.

Clarification of the tax position in specific cases should be sought from your local Inspector of Taxes. Alternatively, you may wish to refer to your intermediary on the tax implications for themselves and their employees.

This information is based on our understanding of current UK tax legislation.

9. Continuation option

This is not available under Unum Select Life cover.

10. Cover for an employee's partner or spouse

The cover provided by this insurance is for employees only.

11. Third party rights

The trustees can enforce a claim under the policy where the employer has:

- submitted a claim in respect of the employee; and
- pursued that claim through our internal appeal process; and
- referred the dispute to adjudication by the Financial Ombudsman Service and the Financial Ombudsman Service has made a final decision on the matter which has been communicated to Unum.

An employee's personal representatives can enforce a claim, if the trustees give an assignment of their rights to them.

12. Surrender value

The policy does not acquire a surrender value.

13. Complaints handling

We want you to be entirely satisfied with your Unum Select Life cover. If you do have a query or complaint, please contact the intermediary who arranged the policy for you. If there was no intermediary, please contact Unum directly.

If this does not resolve the matter, then please write to:

Customer Feedback Department
Unum Limited
Milton Court
Dorking
Surrey
RH4 3LZ

Tel: **01306 887766**

If the matter remains unresolved, you may be eligible to contact the Financial Ombudsman Service at the address below within six months of Unum's final decision being made. Your legal rights are not affected if you contact this organisation.

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Tel: **0845 080 1800**

14. Compensation

If we cannot meet our liabilities you may be entitled to compensation under the UK Financial Services and Markets' Act 2000. Information about this is available on request from us.

15. Further information

About Unum

Unum is one of the UK's leading providers of financial protection, with almost 40 years' experience.

Unum helps employers protect their workers by providing access to financial protection, safeguarding employees from the consequences of serious illness, injury or death.

At the end of 2009, Unum protected more than 1.6 million lives in the UK and paid claims of £268 million, providing security and peace of mind to employees and their families.

In the UK, Unum has a financial strength rating of A- (Strong) from Standard and Poor's and A- (Excellent) by AM Best.

Our US parent company, Unum Group, traces its history back to 1848 and is one of the leading providers of employee benefits products and services, and the largest provider of group and individual disability insurance in the United States. Premium income for Unum Group and its subsidiaries totalled \$7.5 billion in the year ended 31 December 2009, with reported revenues for the group totalling \$10.1 billion. Total assets were \$54.5 billion at 31 December 2009.

For more information visit

unum.co.uk

Financial Protection

Unum specialises in forward-thinking, imaginative financial protection benefits (Income Protection, Life cover and Critical Illness cover). We work with advisers and their clients to deliver solutions that make these invaluable benefits accessible to all UK employees.

Financial protection benefits are essential when you need them and provide peace of mind when you don't. They provide crucial financial support to employees and their families in the unfortunate event that they can't work or earn an income. And companies that offer them can create a more motivated and engaged workforce, achieving a sustainable competitive edge in today's challenging business environment.

Income Protection :: **Critical Illness** :: **Life Cover**



Because everyone
needs a back-up plan

Registered office:
Milton Court
Dorking
Surrey RH4 3LZ

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We monitor telephone conversations and e-mail communications from time to time for the purposes of training and in the interests of continually improving the quality of service we provide.

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